



ONDC: Commerce@Bharat Redefining business models and supply chain

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Foreword

The e-commerce space in India has witnessed remarkable growth and become a significant contributor to the country's economic growth, backed by a large and growing internet user base, increasing digital literacy, and the convenience offered by online shopping. India's e-commerce sector is projected to reach a staggering value of US\$ 350 billion by 2030 ([E-commerce in India: Industry Overview, Market Size & Growth | IBEF, IBEF Industry report Feb 2023](#)). The dynamic and rapidly evolving e-commerce ecosystem also presents significant opportunities for businesses and people.

The Open Network for Digital Commerce (ONDC) is an ambitious initiative by the Government of India aimed at democratising the e-commerce sector in India by creating an open, inclusive, and competitive network. This is envisaged to be achieved by unbundling the discrete aspects of the digital commerce ecosystem. The network is expected to benefit both buyers and sellers

primarily on account of its impact on product/service discoverability and reach. ONDC represents a paradigm shift, shaping the future of how businesses and consumers shall engage in the digital economy. This will also translate into far-reaching implications for the services sector, such as financial services and logistics. This document aims to shed light on opportunities and potential growth avenues heralded by the new era of digital commerce.

As we navigate the transformative landscape of digital commerce, collaboration and innovation will be key differentiators. We extend our gratitude to the researchers, experts, and industry leaders who have contributed their insights to this document. It is through their collective expertise and dedication that this thought leadership piece aims to provide valuable perspectives on ONDC and its potential impact on the economic landscape of India.



Introduction

Evolution in digital commerce

The digital commerce landscape in India has been growing steadily yet significantly. A series of events have been supporting the radical growth of online transactions. In the past, the slow rate of adoption was primarily due to limited and unreliable internet infrastructure.

When online shopping was in its early stages, there were widespread concerns regarding the security of online transactions and trustworthiness of digital platforms. Trust and security were main concerns, discouraging consumers from sharing sensitive information online. With a limited number of people engaging

in online transactions, concerns regarding the perceived value of online purchases acted as barriers to consumers' Willingness to Pay (WTP). Over time, the number of internet users has grown substantially, fueled by availability of affordable smartphones and improved internet connectivity.

Current state of digital commerce

Growth of digital commerce has been spearheaded by platforms/marketplaces. From influencing consumer behaviour to redefining the competitive landscape in India, digital commerce giants have forced traditional retailers to adapt and innovate. Seamless user experience,

grievance redressal, competitive pricing, and convenient delivery options have set new benchmarks for customer experience. Digital commerce players have also played a crucial role in driving digital payments' acceleration. Their robust payment gateways and integration with multiple financial services have accelerated the shift from cash-based transactions to digital ones.

The surge in digital commerce driven by the pandemic has accelerated its adoption in India by 2-3 years; enabling consumer behaviour to shift from physical to digital at multiple levels. From online (WTP) to purchasing patterns, major metrics have witnessed a sharp rise even for traditionally offline categories. This shift promises to have a lasting impact as consumers continue to discern and demand services from online platforms. One of the major aids of the discussed accelerated growth has been the rise of digital payment platforms. The Government of India (GoI) introduced Unified Payments Interface (UPI) in 2016 that disrupted the traditional payment landscape in India. In Jun '23, the number of UPI transactions were 9,335 million compared with just 2,807 million transactions two years ago (Jun'21).² Online consumers today are much more tech-savvy and value personalised experiences.

Omni-channel retailing is fueling the next phase of e-commerce adoption

Every shopper takes a different path to purchase an item. Omni-channel retailing brings each path and touchpoint together. It offers a unified and cohesive shopping experience by integrating multiple digital and physical touchpoints, sparking interesting sales and branding conversations. According to a Global ThinkwithGoogle Consumer Insight Report, April 2023, 59 percent online buyers like to visit stores to see or touch products even if they plan to buy online; this percentage is higher compared with

the last year.³ For brands, this requires an omni-channel marketing strategy to ensure customer satisfaction and drive sales. Omni-channel recognises the evolving consumer behaviour and caters to consumers who prefer to discover, evaluate, and purchase through multiple channels.

The launch of social media platforms has led to a content-rich ecosystem that eventually became conducive to e-commerce integration. Consumers can discover products and services on social media platforms. Brands and businesses target online consumers with sponsored ads, influencer recommendations, or product suggestions based on their interests. Social commerce relies heavily on user-generated content to build credibility.

Driven mostly by the pandemic, the mix of both online buyers and categories bought online, has changed significantly in the past few years. Multiple new consumer spend pools have opened for digital commerce to tap into.

The transformative impact on governance and public service delivery was also aided by Digital Public Infrastructure (DPI), which helped create digital identity through Aadhaar-enabled streamlined access to government services. Digital payment initiatives, such as Unified Payments Interface (UPI) and Bharat Bill Payment System (BBPS), empower Indians with secure, seamless, and cost-effective digital payment options. The JAM (Jan Dhan Yojana, Aadhaar, and Mobile) Trinity has been instrumental in bridging the financial gap for millions of unbanked individuals. Initiatives such as BharatNet focus on empowering rural communities by providing them access to information.

With the DPI revolution, the digital commerce will reach population scale as there is a significant room for growth.

Ushering a new era— the launch of an open network in commerce

DPI has brought about a population-scale transformation. Aadhaar has streamlined access to government policy dispersion and promoted financial inclusion with its digital identity capability. Aadhar, paired with the Digi locker, has helped make the process of verification and registration efficient by creating a database for every user.

UPI has created a revolution in the payment ecosystem by providing seamless and secure payment options to the masses. With GST, the ease of operation for businesses has increased by simplifying the taxation system. Government e-Marketplace (GeM) has made government procurement easier, efficient, and transparent. e-National Agriculture Market (eNAM) has also helped streamline the agricultural market by

removing the information gap between buyers and sellers and enabling real-time price discovery through digitisation. These DPIs have increased digital inclusivity and created a level playing field at a population scale.

‘Inclusion’ has been the cornerstone of India’s digital public infrastructure. The time is now ripe to harness the power of open networks to democratise digital commerce in India.

ONDC was conceptualised with the aim of creating an open, inclusive, and competitive network. This would also empower small and local businesses to thrive in the digital commerce space. The standardised protocol through which the whole network is connected can enable seamless integration amongst ONDC participants. This creates a huge potential and opportunities for changing the way people see and do business.

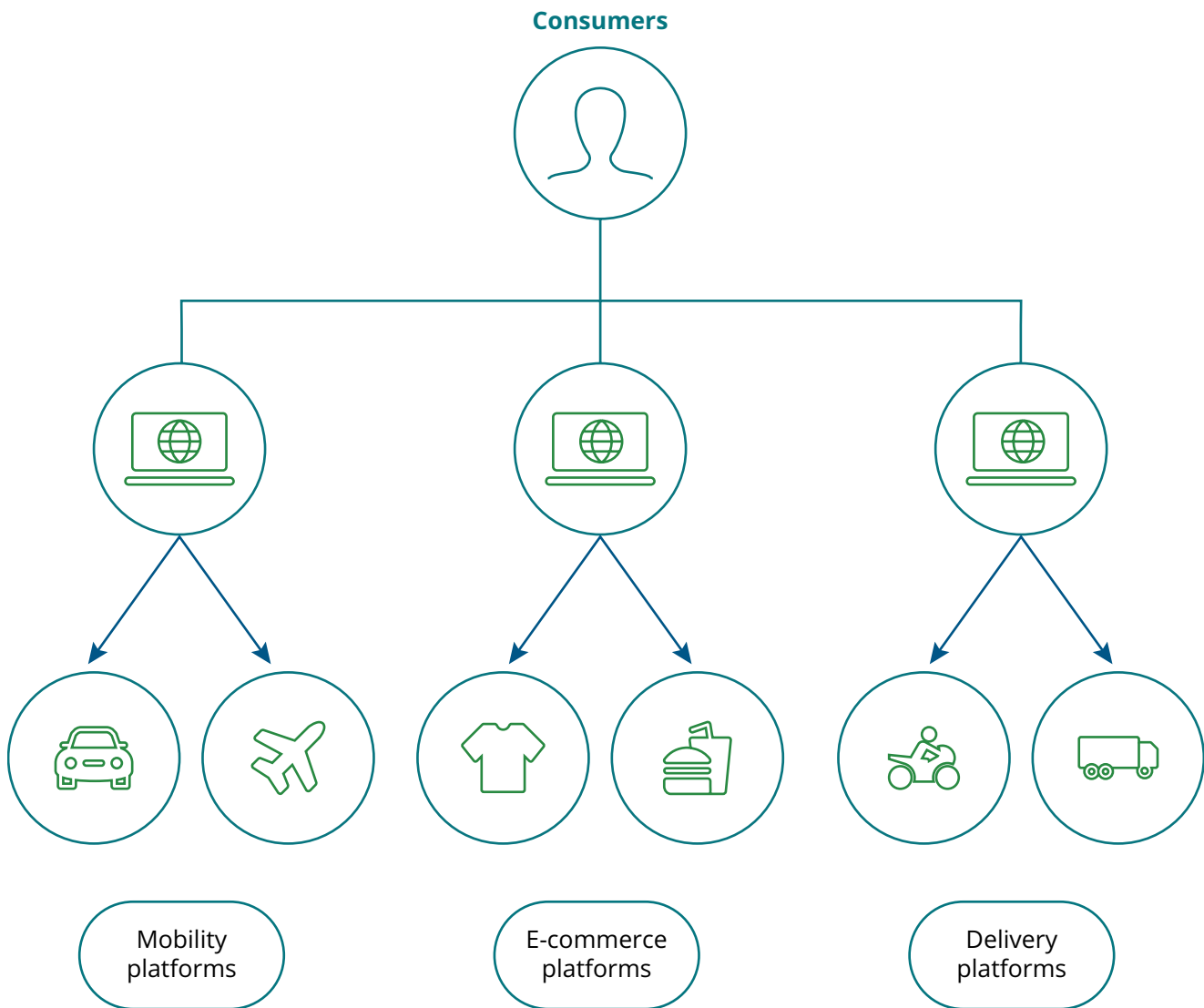


About ONDC

Overview

Traditionally, businesses had the option to either set up and manage their own online presence or leverage their capabilities and reach of e-commerce platforms. In case they chose the latter, these participants would transact on the digital marketplace based on the rules set by the respective platform company.

For any company, setting up its own platform requires a significant amount of investment in terms of resources, time, and effort. They will have to provide payment solutions, logistics, and warehousing and packaging, amongst others. The high cost of setting up own platform often makes it difficult for small- and medium-scale companies to take advantage of e-commerce.



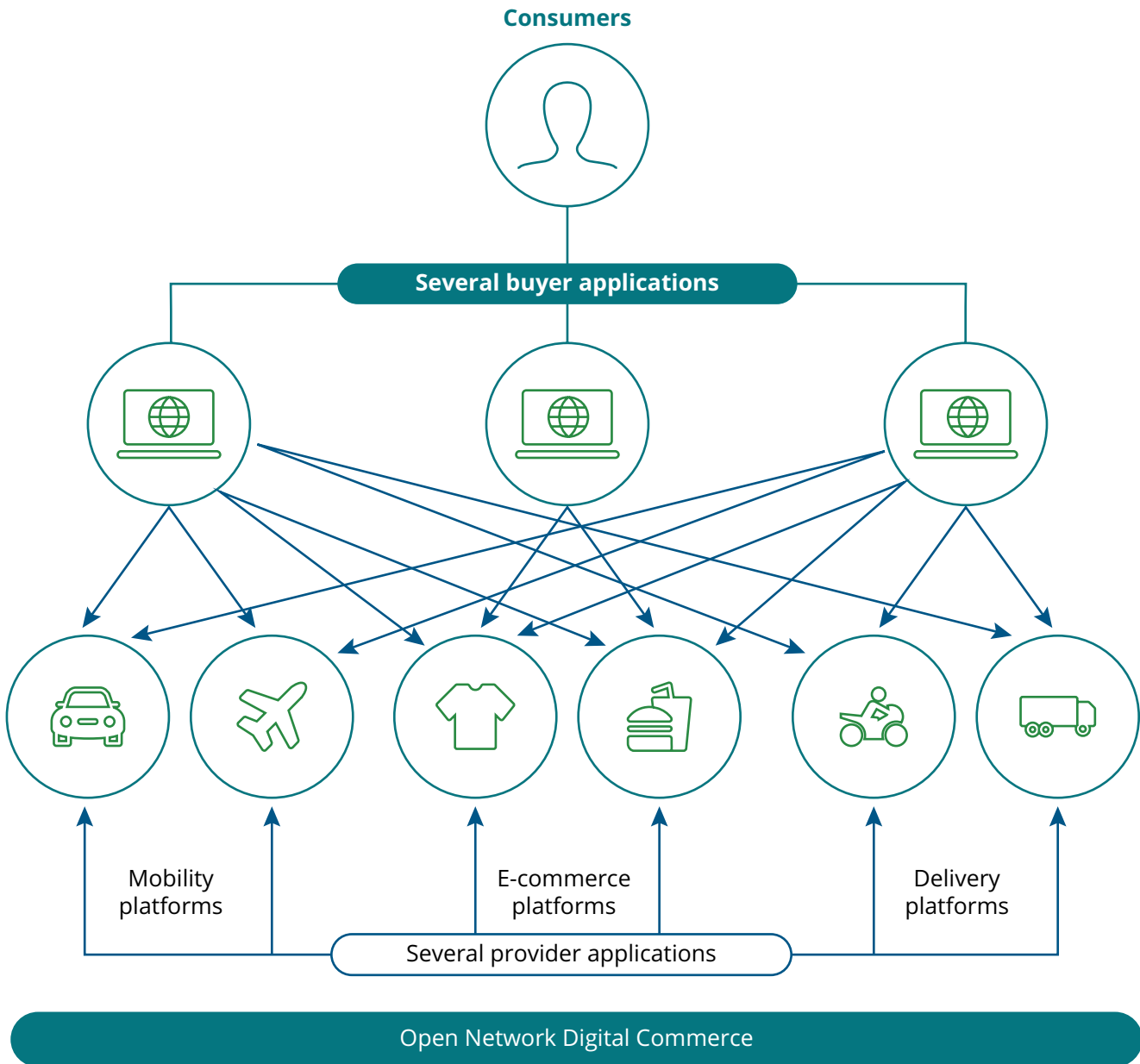
Existing platform-centric commerce

Buyers and sellers must use the same platform/application to do a business transaction.

In other words, while several approaches were made to operate the digital marketplace, interoperability amongst platforms, and lack of modularity were the key inhibitors to a true marketplace.

Using open protocols, ONDC aims to create an open network where buyers and sellers on

any platform can transact. The transactions are supported by a low-cost digital infrastructure built on open registries and open network gateways. Existing e-commerce platforms can also connect with ONDC (as it is a network) by following non-code open specifications. This culminates in a decentralised network.



Buyers will be able to access services currently provided by various sellers on different platforms through a common network.

ONDC's purpose and vision for future of digital commerce

India's e-retail penetration stands at 4.3 percent today.⁵ Using its inclusive ecosystem, ONDC aims to take e-retailing to a population scale. Key tenets of this inclusivity include the following:

- Ensuring interoperability for an open and inclusive marketplace to encompass sellers of

different types and sizes. This in turn will entail:

- the ability to build and scale by using already established open protocols; and
- an increase in the innovation pace brought about by engaging community developers and using open-source APIs.

- Enabling a lean public digital infrastructure that facilitates scalability and discoverability for network participants
 - Enabling an open ecosystem that allows unbundling of services, thereby resulting in
- ‘niche innovations’ through an integrated community of innovators
- With ONDC, an inclusive marketplace will have the following components:

Network participant	What will increase	What will decrease
Sellers	Access to buyers (across platforms)	Cost of the transaction (discovery, acquisition, prices, margins)
	Discoverability of products/services	Operating terms lock-in
	Access to other services (payments, logistics)	Go-to-market time due to enablement of different aspects of business by service providers
Buyers	Access to sellers (across platforms), including hyper-local retailers	Delivery time due to availability of hyperlocal logistics options Time to navigate and compare products ⁶ due to consolidation of sellers on the network
	Choice of products and better price discovery	Time to make purchase decisions due to availability of all aspects of a transaction within the same network versus navigating through different platforms or marketplaces
	Service level and overall experience	
Technology companies	Niche innovations in the customer acquisition and seller acquisition side	Time to scale innovations as companies can now focus only on their core competencies
	Number of companies in the commerce value chain that support technology services	
Other network participants	Unbundling of services, leading to ‘micro-services’	Siloes due to interoperability of the network Moving away from one approach for all



Looking into the future

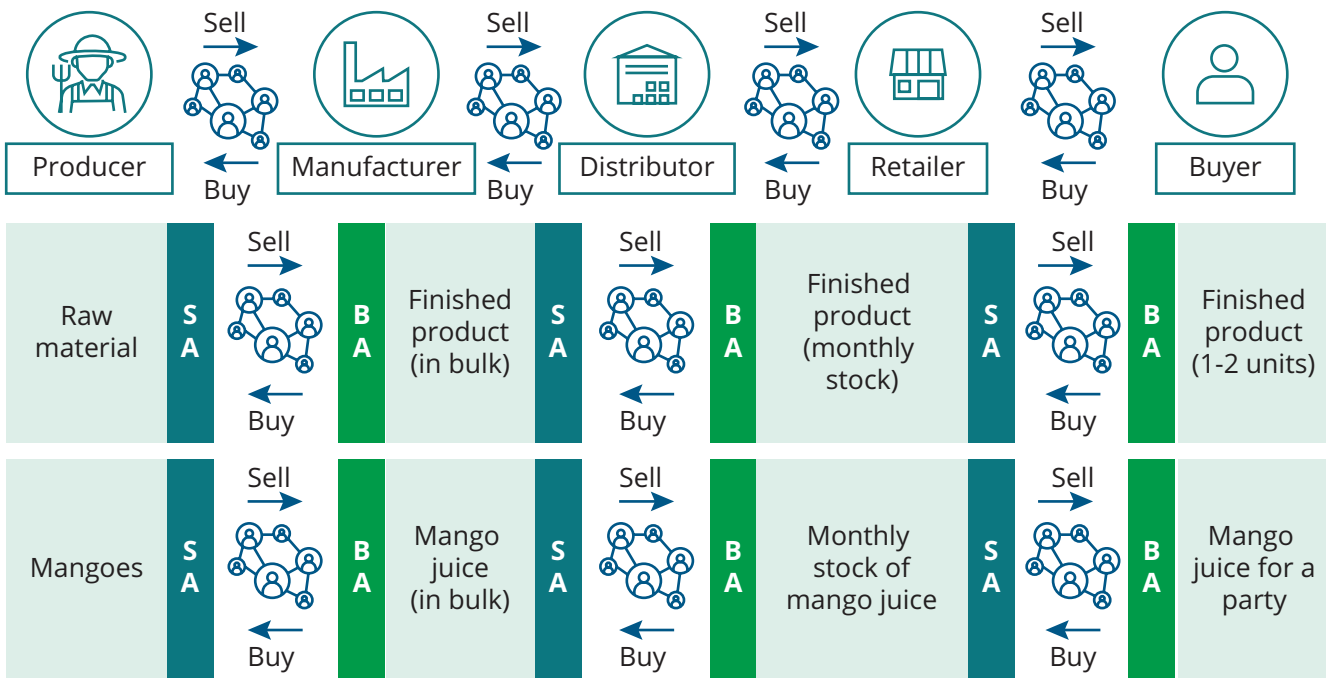
Building digital infrastructure at a scale, ONDC has the potential to offer opportunities to create newer business models and market segments. At a glance, these changes might seem just like a shift from offline to online. However, this shift will affect each part of the value chain.

Different parts of the value chain will see changes in parts of their day-to-day operations.

This in turn, is expected to bring forth process efficiencies that will eventually be carried across the value chain. Looking at a value chain across vertical processes, transactions happen amongst different actors i.e., the exchange of value, along with addition of value, is seen throughout. ONDC will change the way these transactions are seen and done.

How every transaction amongst different actors across the value chain can happen in ONDC is shown below:

SA: Seller App | BA: Buyer App

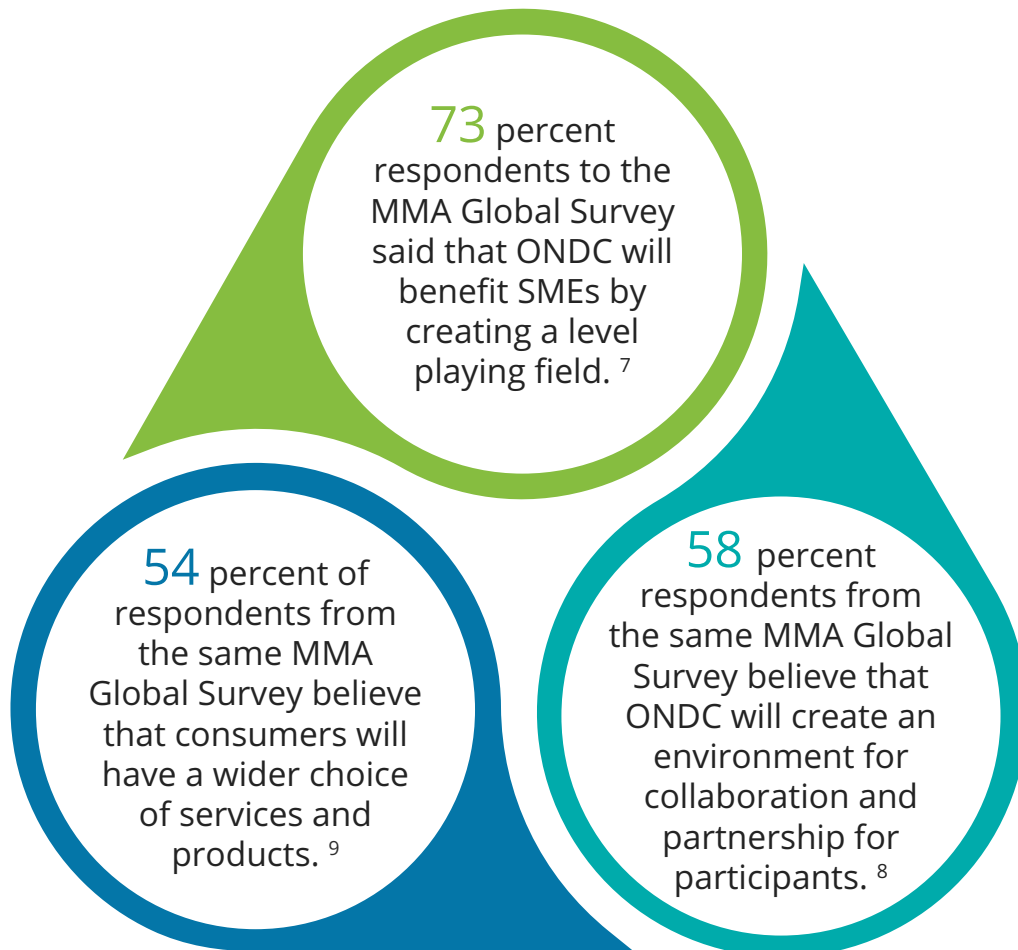


In the supply chain, each actor will see many more transactions within each stage to support and run their business. With each actor coming

online under one network and the value unlocked with unbundling and inter-operability in the network, this creates a huge business potential.

Actors	Producer	Manufacturer	Distributor	Retailer	Buyer
Can buy	<ul style="list-style-type: none"> Fertilisers Inputs Credit Insurance 	<ul style="list-style-type: none"> Raw material Equipment Insurance Logistics Servicer 	<ul style="list-style-type: none"> Large stocks of finished products Storage space Logistics services 	<ul style="list-style-type: none"> Smaller stocks of finished products Credit 	<ul style="list-style-type: none"> Finished products Groceries
Can sell	<ul style="list-style-type: none"> Groceries By-products Storage space 	<ul style="list-style-type: none"> Finished goods 	<ul style="list-style-type: none"> Finished products to retailers 	<ul style="list-style-type: none"> Finished products Groceries 	

Unboxing opportunities



What UPI and Aadhar did for digital payment and digitally enabled services, the e-commerce space (with only 4.3 percent e-retail penetration) needs a similar digital revolution. ONDC is that revolution.¹⁰

Unification through using the Beckn protocol driven API standards and unbundling of e-commerce value chain, is opening e-commerce in India for numerous organisations. Organisations can not only collaborate and co-write the digital revolution of e-commerce in India but also set an example for the world. ONDC is a construct made in India for the world.

The three key opportunities that ONDC brings for both participants and consumers are discussed in the next sections.

• Discoverability of Bharat

ONDC aims to make 'Bharat' visible. Through the network, the kirana store next door, Good Looks Beauty Parlor in a shopping complex few miles away, or even Khamma Ghanni Toy Manufacturer operating from a small garage in Bijnor, Rajasthan, will be part of the digital revolution. Bharat will be digitally enabled and discoverable.

For participants, being visible to consumers is the key.

ONDC will make consumers and participants (B2B, D2C, and B2C) visible to each other, enabling both hyperlocal and across country discoverability.

The network will allow any provider of service or product to serve any consumer, as long as they are valid, registered participants. It will encourage hyperlocal retailers, kirana shops, hardware shops, construction material providers, professionals, and others to commence their e-commerce journey.

One such example is that of saree weavers from Kanchipuram. Instead of depending on intermediaries to make them visible to buyers, they can sell to anyone across India through ONDC.¹¹

For consumers, the network will provide the ability to choose from whom they purchase at what price and select the logistic partner for delivery.

- **Experience**

As more participants and industries are coming on to ONDC, new user experiences are being created. The democratic open characteristic of ONDC allows multiple services to be available to consumers and participants of B2C, D2C, and B2B.

Unbundling of the value chain and interoperability allow different participants across industries to collaborate and create an experience that would extend beyond providing primary products or services for consumers (B2C, D2C, or B2B). The financial services and white goods manufacturer segments will come together to provide a seamless experience of purchasing credit and insurance to consumers. Similarly, a real estate builder looking for cement at a short notice can order from a local construction supplier using a logistic company that meets its time and cost requirements.

Technology service providers will create building blocks that will allow for a seamless experience and journey that was earlier deemed impossible. Imagine a boutique in Patna receives an order through an app on ONDC for bespoke Pheran (Kashmiri Dress) that a customer wants to gift to guests as part of promotional activity. The boutique designs the Pheron and orders stitching

from a tailor in Jammu using another app on the network. Further, the tailor will use the network to order clothes and buttons, and plan for delivery to Patna through a logistic provider. The tailor will also loop in an insurance provider to insure the bulk order of the bespoke Pheron suit against any damage or loss.

The network will be similar to a Lego box where participants and consumers can create their own journey and experiences. It will provide both complementary and supplementary products and services across industry and locations to create a “unified” yet “differentiated” e-commerce experience.

- **Innovation**

ONDC is unbundling the end-to-end e-commerce value chain – starting from the buyer of a product or service and raw material provider, to complementary services (such as credit) and key services (including logistics). The network allows participants to focus on what they do best, what is at core of their enterprise value proposition, and complement that with services and products provided by other participants. By bringing their cutting-edge solutions, start-ups and technology service providers are also contributing to this digital revolution.

By enabling participants to focus on their core areas without worrying about ancillary services will free up their time to explore innovative ideas and make the value chain efficient. Moreover, as buyers (B2C, D2C, or B2B) will be able to easily discover sellers on the network, the competition amongst sellers will increase. This will lead sellers to differentiate their products and services, provide value for money, and increase efficiency of their processes and services.

Consider this example. A manufacturer can use the network to connect directly with its consumers and that will bring down its marketing cost. Other sellers will collaborate with other participants to add value to their proposition. Financial service providers will introduce innovative products to ensure that they are the

final choice of consumers (taking credit to buy a washing machine) as well as enterprises (looking to bridge a financial gap with a corporate loan).

In this unbundled value chain, network participants will address consumers' concerns regarding trust, returns, and grievances, and offer other supporting services. These participants will come up with solutions that can create a unified service across network.

Innovation will not be limited to products and services. It can also result in new business

models because of the democratised, unbundled, and interoperable characteristics of ONDC. It will also allow organisations to provide differentiated products or services to consumers.

As ONDC brings together businesses and technology providers, legacy brands, and start-ups, we pick select industries and functions to showcase the potential impact that the network can have.



Industry perspective

The following four industries have been covered to bring out how ONDC is likely to have an impact on e-commerce in India and globally:

- Manufacturing
- Retail
- Agriculture
- Financial services

Manufacturing

India is aspiring to increase the manufacturing sector's contribution to India's GDP from 16–17 percent currently to 25 percent.²³ Various initiatives, such as Make in India and Production Linked Incentive (PLI) are aimed at attracting investments into manufacturing. To support this

goal, the government has also taken initiatives in the areas of skill development and digital transformation.

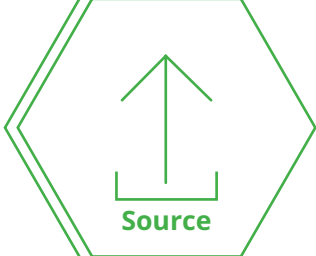
However, manufacturing has seen some key shifts in the past few years. On one hand, customers demand customised products. On the other hand, there is requirement for agility and faster response to market using innovative business and operating models. The manufacturing environment has become more challenging during and after the pandemic with geo-political tensions leading to changes in the trade landscape, supply chain disruptions, and component shortages (e.g., semiconductors) and volatile commodity prices. These factors

increase pressure on margins for manufacturing organisations. Manufacturing productivity in India has also been lower than global benchmarks.

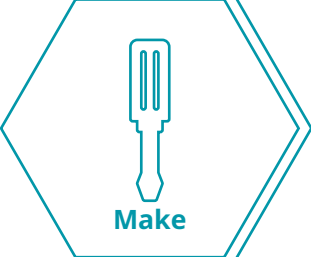
ONDC is likely to enable the manufacturing community to tap some of these opportunities and address challenges across the value chain. Here are a few examples of how ONDC can make the manufacturing sector more efficient and productive:

- **Accelerating smart factory implementation:** A smart factory implementation requires multiple hardware (sensors, automation, robots, wearables, networking, connectivity, etc.) and software solution providers (start-ups with specific solutions for quality improvement, process optimisation, product development, supply chain monitoring, etc.), system integrators and consultants (providing strategy, programme, and change management services, etc.), to work together to implement a number of technologies and solutions. Organisations can use ONDC to create an ecosystem of the right solution providers who can support such implementations at competitive prices.
- **Improving efficiency of manufacturing operations:** Often, manufacturing organisations find it difficult to identify partners for outsourcing various manufacturing activities, such as operations and maintenance, technical services, and subject matter experts (who can solve specific process and quality issues, equipment failures, etc.). ONDC can help in quick identification of such partners and experts who can bring the right skills and capabilities to bear production cost and help improve efficiency.
- **Optimising cost to serve:** With the availability of a large pool of logistics service providers on ONDC, organisations can optimise overall logistics cost (e.g., identifying specific LSPs for specific markets/routes and ability to get alternate service providers) and manage demand increase more effectively. Organisations can also ensure smoother after-market availability of spares. Similarly, ONDC might help identify dealers/retailers in new geographies to increase reach in existing markets.
- **Managing supply chain disruptions:** A tier 2 component supplier to an industrial OEM faced a sudden shutdown at its plant. Given the just-in-time nature of the sector, this situation will lead to a disruption in supply to tier 1 supplier and consequently to OEM. On ONDC, the OEM can quickly identify alternative supply sources at competitive prices from an extensive pool of suppliers and order the component to ensure zero disruption in manufacturing operations. This will promise on-time delivery to customers.

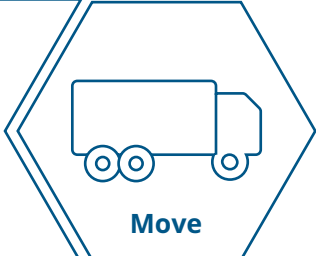
A summary of expected benefits for the manufacturing sector is provided below:




- Visibility of a higher number of suppliers and hence, better ability to address demand increases
- Better and faster price discovery
- Higher probability of addressing supply disruptions
- Support on product development



- Outsourcing activities (e.g., O&M, Services, and AMC) to competent and efficient service providers
- Create an ecosystem of business partners for digital transformation, capital expansions, contract manufacturing, etc.
- Better access to manufacturing technology providers



- Optimised logistics costs
- On demand logistics
- Better control over end-to-end logistics and hence, achievement of SLAs



- Better visibility of products to potential customers
- Better geographical reach
- Potential to reach new customer segments with lower effort
- Possibility of eliminating/ reducing intermediaries
- Ensure more efficient after-market part availability and service

Thus, ONDC has the capability to create an integrated manufacturing value chain, thereby improving operational efficiencies and effectiveness by 5–10 percent. This will lead to

higher total factor productivity for the sector and make manufacturers competitive at the global level.

Retail



Anand Ramanathan
Partner and Consumer Industry Leader – Consulting, Deloitte India

"Traditional trade will continue to contribute to over two-thirds of the retail market in 2030. ONDC provides an excellent opportunity for these small retailers to enhance the visibility of their inventory to consumers and provide the convenience of delivery at the doorstep."

"ONDC has the potential to revolutionise the agricultural ecosystem by helping Farmer Producer Organisations (FPOs) and their farmer stakeholders to realise better prices for their produce by increasing market access to national and global customers."

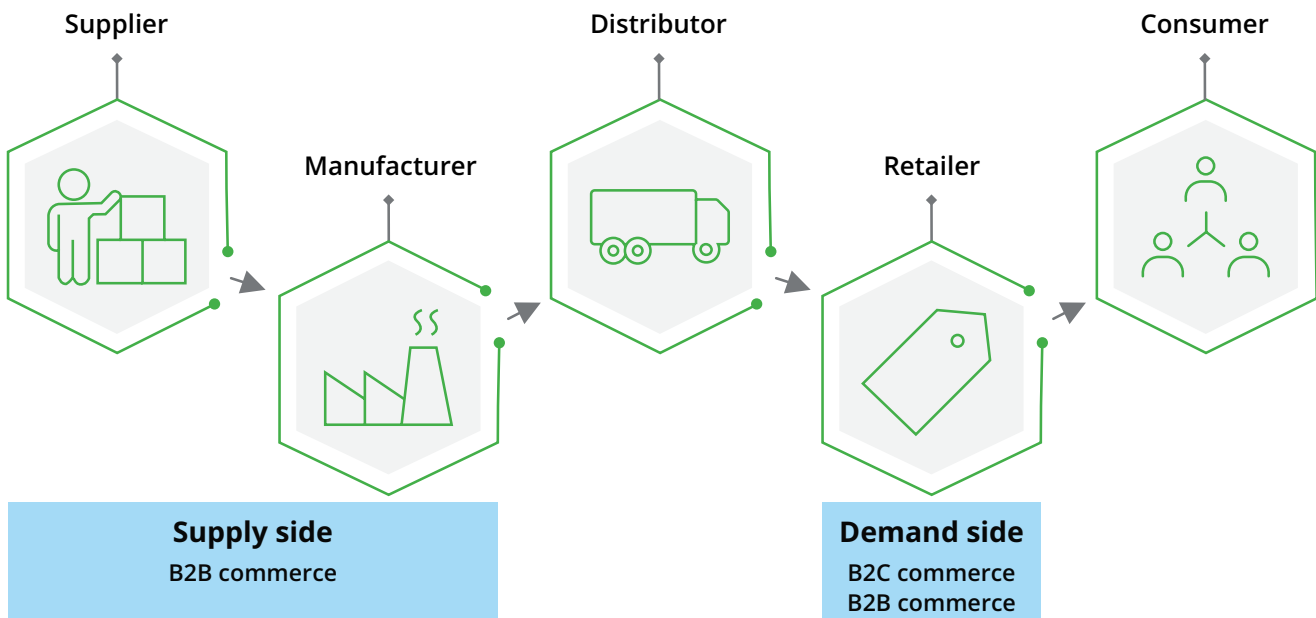
India is expected to be the third-largest consumer market by 2030.²⁴ This growth is driven by increasing middle- and high-income households, rising key consumer cohort (15–59 years), and urbanisation. As consumption is projected to rise, e-commerce is anticipated to play a significant role in this growth. The market share of e-commerce is expected to double from 8 percent to 17 percent of retail by 2030.²⁵

With the increasing importance of online sales, retail ecosystem (brands, retailers, distributors, suppliers, etc.) can use ONDC to connect within their ecosystem and with end consumers. Over the past few months, categories such as grocery, food delivery, home and decor, electronics, fashion and lifestyle, beauty and personal care,

and pharmaceuticals have been leveraging the ONDC network with support of multiple stakeholders. These stakeholders include brands, retailers, seller and buyer apps, and Technology Service Providers (TSPs). More categories, such as hospitality, construction material, and financial services can benefit from the expanding ONDC.

Transforming demand and supply side network

ONDC creates an opportunity for brands/retailers/Micro, Small, and Medium Enterprises (MSMEs) to efficiently and cost effectively address their demand and supplier connect. There are exciting possibilities in both B2B and B2C commerce.



Demand side

B2C commerce

Brands and retailers can use ONDC by onboarding their physical outlets (Exclusive Brand Outlets; EBOs and Multi-Brand Outlets; MBOs) and distribution points/warehousing and integrating their D2C website with ONDC. This can enable brands to provide omni-channel experience to customers with a lower-tech investment. Brands/retailers can also provide improved convenience to customers through quick and low-cost delivery from the nearest stock location. D2C brands can get access to a broader consumer pool that helps them reduce customer acquisition cost.

For brands looking to enter India or expand their geographic presence, ONDC provides an opportunity to test products in a region or micro-market and collect consumer feedback. Brands can also improve price visibility, and control and enhance product description with a seller app. As the participation of sellers and consumers increases, brands have an opportunity to partner with ecosystem players to enhance their visibility of channel and consumer preference. That can help them optimise inventory, refine local assortment, improve marketing effectiveness, and enhance ROI.

India is home to 63 million MSMEs²⁶ spread across weavers, local artisans, handlooms, etc. ONDC can provide such MSME access to their customers while focusing on their core capabilities of designing and manufacturing products. They can expand their business via easy access to digital commerce, diverse logistics options, and a large customer pool. MSMEs can also get better access to credit. Consumers can get access to an extensive assortment of products from the nearest location with minimal

costs paid towards logistics charges. With a broad network across seller and buyer app, third-party services providers, and logistics and dispute resolution providers, the cost of using the network is expected to be relatively low.

B2B commerce

ONDC can support brands to connect directly with their retailers and/or enable their distributors to expand their reach and coverage. They can also provide features and services such as 24x7 ordering, next-day delivery, auto ordering, and credit management to their sales partners. As the retailer participation increases, brands can optimise their distribution and warehouse/dark store to drive high serviceability for retailers. They also have an opportunity to identify potential franchisee partners through ONDC. The network can also enable a multi-brand retailer or Kirana store to get wider access to brands, expand their in-store assortment, reduce procurement cost, improve margin, and access opportunities to scale at a faster pace through improved access to credit.

Supply side

ONDC can also offer brands/retailers to expand their supplier base and reduce cost of procuring raw materials or manufacturing products. They can use rating, badges, and certifications to select the right supplier. Brands/retailers have an opportunity to integrate their procurement systems with ONDC to improve price discovery and lower procurement TAT. MSMEs/FPOs/farmers can also expand their reach and maintain competitive advantage due to low-cost access to ONDC. They can also improve their access to credit.

A summary of opportunities for the retail sector is provided below:

Sourcing



Use cases for brands/retailers

- Integrate procurement system with ONDC for ease of price discovery and lower TAT
- Improved access to a broader supplier base
- Supplier feedback mechanism through reviews, ratings, or certifications

Use cases for suppliers (MSMEs)

- Access to a broader customer base
- Access to credit (higher loan value and better terms)

Distribution



Use cases for brands/distributors

- Enable auto ordering with features such as 24X7 ordering and next-day delivery
- Identify potential franchisee partners
- Direct connect with retailers; supply from the nearby location; credit management
- Enhanced coverage

Use cases for retailers

- Enhance assortment with unique and new products from new suppliers
- Credit access; price discovery

Retailing



Use cases for brands/retailers

- Ease of testing new geography/micro-catchment
- Facilitate omni-channel experience; onboard all stock (WH, MBO, and EBO) for quick and low-cost delivery
- Access to digital/technology knowhow and customers can significantly lower marketing and customer acquisition cost
- Enhance pricing control and catalogue management; digitise MBOs/EBOs
- Improve channel and consumer intelligence
- Wider access to brands; expand their in-store assortment; better margin recovery

Use cases for MSMEs

- Direct connect with consumer; offer a wide assortment; access to credit

Agriculture

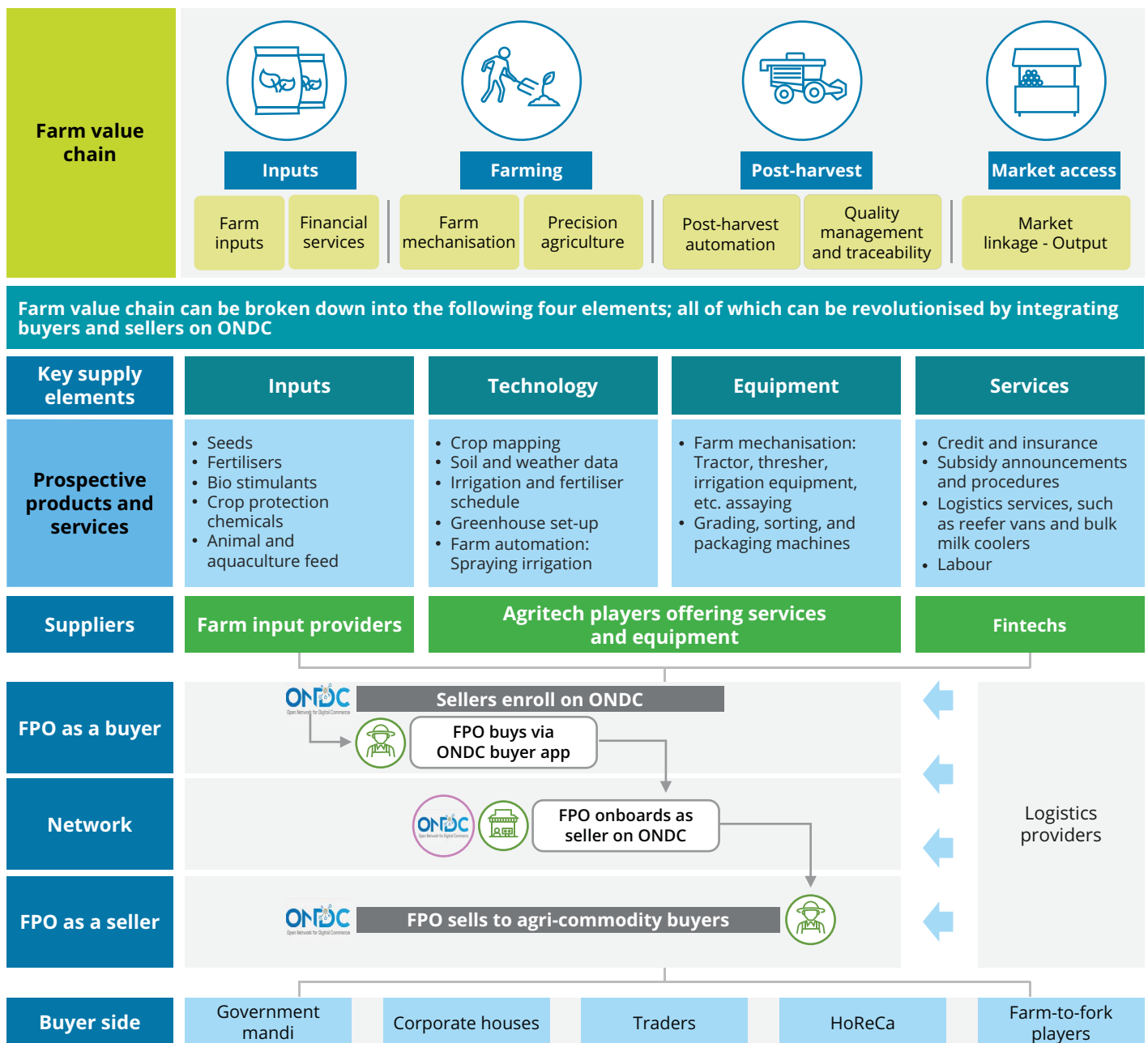
India is a major player in the agriculture sector, holding the second-largest agricultural area in the world. Agriculture is the primary source of livelihood for ~55 percent of India's population²⁷, although it contributes only one-fifth to the country's GDP.²⁸ After setting up the committee on doubling farmers' income in 2016, the Government of India has launched various schemes to support farmers. While the country is witnessing ~13 percent growth in smartphone

use, the rural area saw ~67 percent rise in use; only 2 percent farmers use agritech platforms and services.²⁹





ONDC will provide an opportunity to accelerate technology adoption in agriculture throughout the country as it can integrate both buyers and sellers across the farm value chain onto a single network. The network might come as a boon for agritech start-ups that face a challenge of discoverability. FPOs will get access to input, technology, equipment, and services from

companies and government bodies. However, discoverability is not limited to agritech and other farm input players as FPOs will get access to buyers of their farm produce after they onboard themselves as sellers on ONDC. It will enable

mandis, corporate houses, traders, hotels, and restaurants, as well as farm-to-fork start-ups to buy directly from these FPOs. The below illustration depicts how ONDC can enable trade amongst various stakeholders:



ONDC brings benefits to stakeholders through integration

 Farm input suppliers	 Farm input buyers and agri-commodity seller	 Agri-commodity buyers	 Logistics providers
Agri-companies, agritech start-ups, government, service providers	Independent farmers, FPOs, farming start-ups	Government, mandis, traders, B2B commerce players, individual buyers	Companies providing shipping and freight, transportation and trucking, warehousing and storage, and third-party logistics services
<ul style="list-style-type: none"> • Provide access to a wider farmer market across the country • Enable scaling of agritech solutions, such as precision agriculture and farm automation to rural India • Sign bulk deals with FPOs • Offer customised packages according to region/market capacity • Streamline government distribution of inputs such as seeds and fertilisers 	<p>Buy side</p> <ul style="list-style-type: none"> • Single platform to access products and services for agriculture • Domain-wise view of offerings • Get products and services at competitive prices <p>Sell side</p> <ul style="list-style-type: none"> • Access to buyers from across the country • Price discoverability for farm produce • Export possibilities 	<ul style="list-style-type: none"> • Access to FPOs and farm producers from across the country • Ability to frame long-term contracts with FPOs • Enjoy competitive prices for produce • Reduction in supply shortages with access to multiple farmers/FPOs 	<ul style="list-style-type: none"> • Direct access to a large pool of farmers • Competitive prices by reduced dependence on intermediaries

ONDC also holds immense potential to revolutionise the agricultural value chain in India. The revolution will go beyond existing advancements in smartphones, social media, and e-commerce as the network will act as a catalyst to modernise Indian farms. Thus, the digital transformation in agriculture has far been fragmented, with various entities, such as MNCs, start-ups, and the government laying separate

foundations to reach rural India. However, ONDC's full potential lies in its ability to bridge these silos and create an integrated environment for the agricultural sector. By doing so, ONDC can significantly contribute to streamlining and optimising the entire agri value chain, making a comprehensive and transformative impact on Indian agriculture.

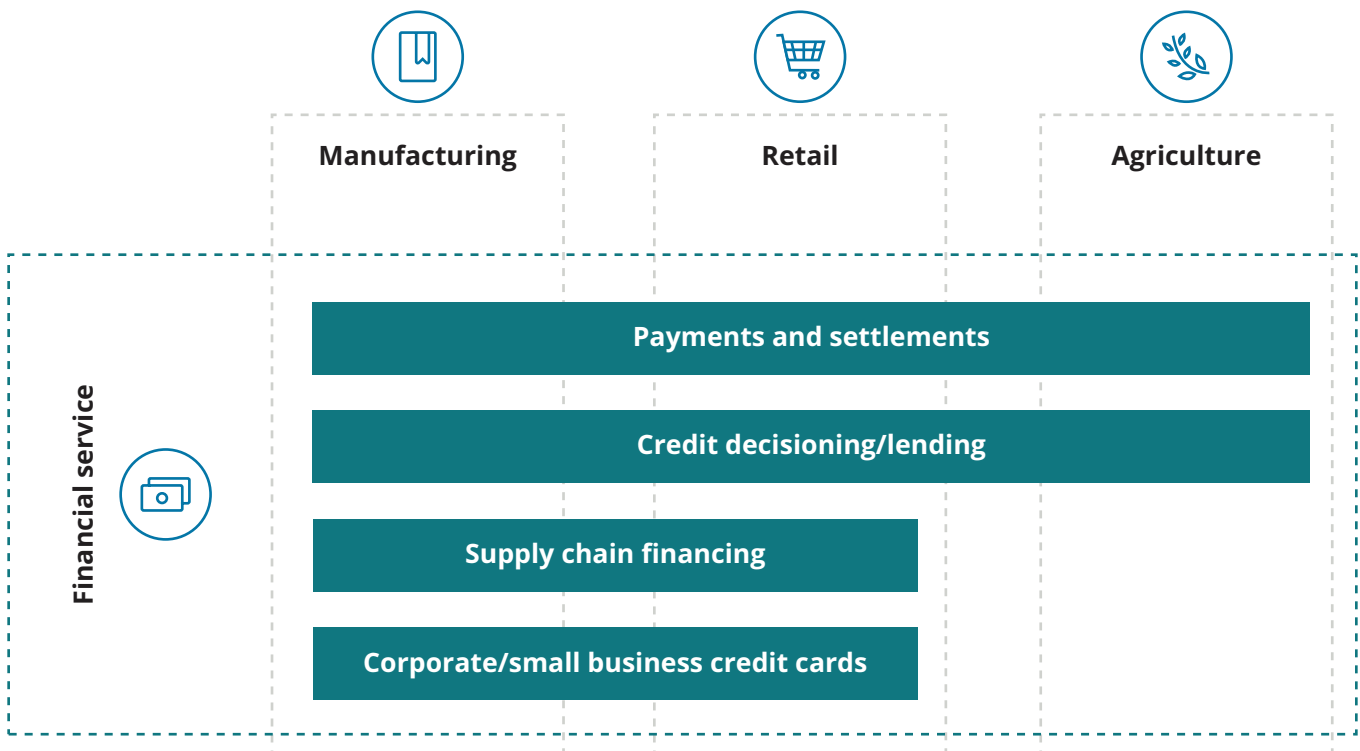
Financial services



Monish Shah
Partner, Deloitte
India

"ONDC is likely to bring about democratisation of e-commerce and add significantly to the digital infrastructure of the country. Besides providing the benefits of access, transparency, interoperability, and trust, ONDC is likely to provide increased choices to both buyers and sellers and deepen the e-commerce market. ONDC is likely to propel the micro and small businesses by digitally empowering them and providing a platform to access markets and growth capital."

Role of financial services as an enabler on the network



The financial services sector has an important role to play in the success of ONDC ecosystem, both as an enabler of payments and as a seller/distributor of products and services. The industry has seen multiple initiatives driving financial and digital inclusion in the country. These initiatives and the pandemic have accelerated digital adoption, driving digital e-commerce adoption and innovation in banking solutions to meet the needs of the new digital customer.

Sellers of financial products can use the ecosystem to increase penetration of mutual funds and insurance products. The ecosystem can be leveraged to spread financial literacy and collaborate with fintechs to drive distribution of investment and insurance products to increase participation from smaller towns and villages across the country.

ONDC will strengthen the foundational building blocks of discoverability, data enrichment, rapid KYC, and intelligent credit decisioning, resulting in wider and faster adoption of digital products. The section below outlines more details of these impact areas:

Discoverability: opening of new markets and segments for financial institutions

The MSME market in India is concentrated in tier 2/3 cities with 90 percent being micro enterprises with a turnover of <INR 5 crore.¹² This segment was served mostly by local brick-and-mortar bank branches and firms had limited access to commercial banking products and services. In addition, most small and micro enterprises have been dependent on government schemes and Non-Banking Financial Corporations (NBFCs) as they are not deemed creditworthy by mainstream financial institutions. The ticket size of lending products does not make it profitable for financial

institutions to lend to this sector and the lack of data related to MSMEs has meant that credit approvals, based on traditional decisioning models in most instances, get rejected.

The ONDC ecosystem is expected to digitise the data available on SMEs (using the transaction data) with the help of financial technology services providers and DPI (e.g., account aggregators). The digitised data will enable financial institutions to develop better understanding of this client segment to tailor products and services. The increased adoption of ONDC in tier 2/3 cities and rural areas will open newer segments for banks and also drive tailored products and services catering to this segment's needs.

The MSME segments have been traditionally dominated by regional players. ONDC opens up opportunities for digital-savvy financial institutions to cater to the segment.

Distribution of enterprises by category¹⁴

(Numbers in lakh)

Sector	Micro	Small	Medium	Total	Share (%)
Rural	324.09	0.78	0.01	324.88	51
Urban	306.43	2.53	0.04	309.00	49
All	630.52	3.31	0.05	633.88	100

Source: Annual Report 2022-2023, Ministry of Micro, Small and Medium Enterprises

A recent report by the Reserve Bank of India (RBI) committee on MSMEs, stated that the sector has an estimated credit gap of INR 20–25 trillion. The slowdown in business due to the pandemic forced nearly 5,900 businesses to shut down during FY20–21 and FY21–22. Due to increasing inflation and interest rates after the pandemic, MSMEs continue to face issues in marketing their products, getting access to finance, and managing their working capital.¹⁵

Data enrichment: leading to faster KYC and sharper credit models

Faster completion of the Know Your Customer (KYC) process is one of the crucial elements that will propel financial services providers' participation on the ecosystem. Traditionally, the onboarding and KYC processes for businesses have been a pain point for the industry especially due to lack of data on MSMEs in the public domain. The ecosystem will have requirements for smaller ticket transactions with high volume. A high KYC cost will be a major deterrent for financial institutions to fulfill this need as it will not be a commercially viable proposition. For individuals, the cost of KYC has reduced significantly with the introduction of CKYC (video KYC costs between INR 15 and INR 30 against CKYC that costs INR 1.10 to download the record).¹⁸

A CKYC like model for businesses and collaboration across ecosystem participants on data sharing will be a defining factor influencing participation from the larger financial institutions.

Credit decisioning is the other key element in the digital lending process that will define participation levels of financial services players on the ecosystem. Automated credit decisioning will be the preferred model to meet demands of participants as traditional models will not be able to manage the significant volumes that are expected to originate from the ecosystem. The openness of the ecosystem is expected to drive stronger collaboration and data sharing. This will blur industry lines creating opportunities for using alternative data in credit decisioning.

We should expect financial institutions and financial technology service providers using the heterogeneous datasets generated on the ecosystem, to develop innovative credit decisioning models to meet clients' changing needs.

1. Opportunities for digital product offerings

Supply Chain Financing (SCF)

SCF is a product offered by financial institutions to improve working capital management through receivable financing, vendor financing, or payable financing. In the recent past, SCF has become popular with the MSME segment in India. Its adoption is driven by digitisation of processes and innovative technology solutions developed by financial institutions. Although there has been an increase in adoption, the SCF gap in the Indian market is estimated at INR 60,000 crore. With >50 percent MSMEs in the rural areas, the gap presents a significant opportunity for the financial services industry.¹⁶

ONDC will provide visibility to MSMEs on a network, making it easier to sell their products/ services. These businesses will require financing of the supply chain to meet their working capital requirements and expand their market reach. Client needs will drive unique solutions and generate new revenue streams for the financial services industry. Addressing the KYC and credit decisioning issues mentioned above will be essential for larger players to participate in the ecosystem.

*According to Report Ocean, the SCF market in India is estimated to grow at a CAGR of 8.42 percent between 2023 and 2029.*¹⁷

Small business cards and corporate credit cards

Credit cards are also a means of working capital management for MSMEs. Credit cards can provide up to ~50 days of credit on purchases. Similar to other credit lines, these cards are offered after stringent credit assessment by financial institutions. However, credit cards are not popular amongst businesses in India

due to multiple reasons. Two main reasons are mentioned below:

- There is little understanding of how these products work and how they can add value to the firm.
- Financial institutions shy away from offering these cards to firms with almost negligible credit history and taking the responsibility of managing the administration of cards issued to firms.

The ONDC ecosystem has the potential to address some of these concerns as the data generated on the ecosystem can make credit assessments easier. Financial institutions will then have access to the larger MSME community and may find it lucrative to run campaigns to improve product understanding. To tap into this market, financial institutions can join forces with financial technology service providers focusing on simplifying the corporate credit card administration. Large corporates have used these cards to manage their procurement and liquidity in the near-term.

2. Insurance – accelerating the pace of penetration

According to National Investment Promotion and Facilitation Agency, insurance coverage in India was only 4.2 percent in 2021, with life insurance being 3.2 percent and non-life insurance penetration 1 percent. Premium volume during that year stood at about INR 80 lakh crore. From 2.7 percent in 2000, penetration has slowly grown. However, the market remains largely untapped. A few reasons explaining the low percentage are mentioned below:

- Low awareness of insurance benefits
- Products not sufficiently explained
- Unaffordable/high insurance premium
- Gross mis-selling of products as they are not aligned with customer needs

Insurers can benefit by forming partnerships with digital pharma platforms to offer health insurance products. Client memberships, renewals of gym memberships, and frequency of availing diagnostic services and booking appointments in hospitals

and clinics, can help track clients' activities and inform them about suitable products. Thus, insurance companies can tap into the uninsured section across towns and cities. In addition to building awareness about their products, these companies understand the needs of current and potential customers and bridge the gap between the insured and uninsured via the platform.

3. Mutual funds - investment products' access to wider population

The mutual fund industry reported that the Asset Under Management (AUM) crossed a record INR 400 thousand crore and the number of Systematic Investment Plan (SIP) accounts was more than 6 crore as of Nov 2022. According to AMFI, B-30 (beyond top 30) cities accounted for nearly 27 percent of the industry assets.²¹ Even with exponential growth of MF investments over the past few years, the coverage of this investment vehicle is less than 5 percent of the population.²² ONDC will create opportunities for distributors to reach the largely untapped tier 2/3 cities and rural areas. The ease of KYC and low-ticket SIP funds with the right investor education is likely to help drive investment in mutual funds.

The opportunity is expected to be much larger when ONDC expands beyond liquid and index funds that is part of the initial launch. Getting the wider population participate in India's growth through investments in mutual funds has the potential to create wealth for investors from semi-urban and rural areas.

In summary, ecosystems will play an important role in transforming financial services. ONDC, through its network, will drive innovation across customer segments. The network effect, along with its benefits, will also pose new challenges to the industry. This will call for higher collaboration across the industry to drive synergies and identify new revenue streams to create viable propositions for their clients. While smaller players are expected to be nimble to derive immediate benefits from the ecosystem, the larger players (due to their easy access to funds and infrastructure) will see larger net benefits in the longer term.



Supply chain – opportunities for participants



Shridhar Kamath
Partner, Deloitte
India

"ONDC has the potential to enable the Indian government's vision to enhance contribution of the manufacturing sector to India's GDP. Manufacturers have the opportunity to identify the right business partners who can provide materials at the right price and quality, and services with the right capability and expertise, thereby improving operational efficiency and effectiveness. For suppliers and service providers, the interoperability of the ONDC platform provides an opportunity to become more visible, increase reach across industries and geographies and grow profitably, while focusing on their core business."

With the ease in information exchange and interconnectedness that ONDC would bring to transactions, the ways of working of major players in the supply chain ecosystem are expected to undergo significant changes in the near future. Supply chain participants playing various roles will have opportunities to innovate and benefit from the unbundling of digital commerce value chain:

- Large manufacturers will see incremental benefits of streamlined processes, through the visibility offered by ONDC, when dealing with smaller customers and suppliers. Discovering and managing new customers, handling inbound and outbound logistics, and sensing demand can be made efficient through a single network with every interaction having a digital trail. With a common framework for buyers and sellers to connect, large manufacturers can easily track products throughout the supply chain (right from procurement to delivery). An additional benefit of having access to a wider but highly fragmented customer base is that manufacturers would be able to consolidate small quantity requirements across multiple buyers (forming a minimum production batch size, which otherwise would not have been possible).
- MSMEs such as branded garment manufacturers can scale up quickly using specialised service providers for areas (e.g., procurement, order pick-up to delivery) that they would otherwise have had to develop (hire dedicated people). MSMEs will be able to focus on core activities of product development and sales. Access to a wider customer base, along with publicly available product ratings from network participants, can lower customer acquisition costs. Similarly, a wider supplier base means different options of quality, rate, material availability, and order sizes that can reduce procurement cost. For example, through ONDC, garment manufacturers can post a purchase requirement of specific grades of cotton used in their premium garments, and not just depend on locally available buying options. This could result in reverse auctioning happening for B2B transactions through the platform.
- Large distributors can gain access to a wider set of retailers who would otherwise not have bought from them, either due to location or minimum requirement constraints. To serve additional retail points, and manage milk runs and last-mile delivery, distributors can opt for their own logistics or those service providers available on ONDC. For large distributors, ONDC would enable visibility of online orders placed by small retailers present remotely in their serviceable regions. The traditional way of offline ordering and putting efforts in finding additional retailers could come down significantly. As a result, ordering and customer acquisition activities would become easier for large distributors as they do not need to have a dedicated sales team doing the beats. On the other hand, large distributors provide credit to retailers and de-risk large companies on collections from the vast retailer network. With ONDC, retailers could get access to credit from third-party financial institutions based on their transaction history. This would reduce the dependence on intermediaries and enable direct interaction between large manufacturers and retailers.
- Retailers are expected to benefit from access to multiple buyers for the same product category. This would help them make their buying decisions based on landed costs (effectively margins), inventory availability, and lead times to deliver. These buying decisions can be made multiple times through the day based on the real-time buying pattern at the retail outlet and would help optimise the working capital deployed. To support buying decisions, end-customer purchase

patterns and price trends of distributors/ manufacturers can be used with the support of analytics service providers. Additionally, real-time order tracking and access to multiple logistics service providers will ease the way of operating for retailers.

- Logistics Service Providers (LSPs) face the dual challenge of supply-demand mismatch (28–43 percent empty running in India)³¹ and high operating costs. Through ONDC, logistics players would benefit from a dependable and fairly consistent demand that can be aggregated across product categories (e.g., grocery, pharmacy, and processed food). This enables LSPs to be better prepared to manage various categories to improve their asset utilisation in their forward and return hauls. Listing logistics as a service would also bring down customer acquisition costs. Similar to how today there are last-mile delivery focused LSPs for B2C/e-commerce, with B2B transactions gaining traction on ONDC, there would be an increased need for managing partial/ small truck load requirements for customers across a wider geographic area. This would require LSPs to enhance their warehousing capacities and capabilities for cross-docking and multi-modal logistics.

- Finance and insurance providers heavily depend on historical transaction data to make informed decisions on offering credit/ underwriting policies. As discussed earlier in the section, the digital transaction trail generated in a few years through ONDC, and the Account Aggregator (AA) Framework will help these institutions offer their services to a wider set of players who would otherwise have not been in their target segment. MSMEs, traders, and other small companies with consistent good performance in payments, damages, thefts, and expiries, will be big gainers. Likewise, financial institutions will be able to offer affordable credit while reducing Non-Performing Assets (NPAs); insurance companies would be able to offer risk-based premiums.
- Specialised service organisations will see an uptick with the adoption of ONDC due to the high volume of data generated through transactions. Digitisation of operations at MSMEs and large distributors could also accelerate. This is expected to drive demand for analytics as a service, with focus on products/services that specialise in capacity planning, demand sensing, price discovery, and route/network planning. MSME participation in the network would similarly generate demand for digital transformation products, such as catalogue management, permit application, and compliance assistance.



Akash Srivastava
Partner, Deloitte
India

"ONDC has the power to unlock the entrepreneurial potential of our nation and federate access to supply chain participants like never before. It will help organise the large SME sector and build the foundation for creating global Indian brands."



Key considerations – Payments and tax

Getting onboarded on ONDC will help organisations increase their reach. Along with this, the unbundled model implies that merchants will have access to multiple buyer apps. To realise the full potential of the ONDC opportunity, organisations will have to evaluate their payments and settlement processes for readiness to work with ONDC ecosystem participants. Given the increased volume and complexity to operate within the multi-party ecosystem, existing sales-to-cash, invoice-to-pay, and tax processes will require careful assessment and/or re-engineering; some of the areas to consider are listed below:

Sales to cash process

- Business and operational processes that track sales return per settlement advice vs confirmation/good received back at their warehouse
- Process that manages disputes across multiple participants to ensure timely resolution of queries and no delays resulting in cash flow, book closure, and other issues
- Managing inventory/list of order IDs/sales invoices across multiple participants for which collection yet to be received
- Posting charges/commission, TCS, and TDS entries from the settlement advice

- Payment of seller app fee and logistic service provide fee based on the terms agreed
- Explore automation for sales-to-cash reconciliation due to increase in transactions across multiple participants

Organisations can explore services from third-party providers of Preparer and Reconciliation and Settlement services than investing in building their own solutions.



Nitin Shingala
Partner, Deloitte
India

“Businesses need to gear up, synchronise, and digitise their business processes to take advantage of the ONDC opportunity to the fullest.”

Invoice to pay process

- Processes and solutions for three-way reconciliation – Purchase order vs goods received note vs purchase invoice
- Process to resolve discrepancy amongst buyer app, seller app, and sellers
- Process for purchase return initiated from buyer app by consumers
- Solution to track a Unique Transaction Number for payments coming from different buyer apps to a seller app and then to a seller referenced across the chain

Withholding tax on transactions

A budget amendment in 2020 introduced withholding tax on transactions done on e-commerce platforms. The tax was introduced to track transactions undertaken on e-commerce platforms.

When a merchant on any e-commerce platform sells a product or service, one needs to check the applicability of withholding tax. The e-commerce operator is liable for deducting taxes at 1 percent¹ on the consideration for sale of goods or provision of service for such facilitation.

In the ONDC network, withholding tax could typically apply in both the below models:

- Marketplace model: Participant acting as seller node enables merchants to sell on the network by connecting them to buyer apps
- Inventory model: Participants that are selling their own inventory on the network by integrating their own seller app with buyer apps.

Organisations considering to participate on ONDC for the first time will have to understand the implication and applicability of withholding tax and define their business processes.

Goods and Services Tax (GST)

Participants will have to assess the impact of GST based on what role they would play on ONDC. Based on their role, they will have to evaluate their GST obligation and modify their processes.

The following table summarises participants' roles that involve applicability of GST and what they need to consider:

Model	Consideration for GST
Marketplace model	<ul style="list-style-type: none"> The merchant will be responsible to discharge GST at an applicable rate on supply. TCS at 1 percent should be deducted on net value of taxable supplies by ECO, where consideration is collected by the buyer/seller app. Two ECOs operate under this model. CBIC clarified that the ECO making payment to a supplier is liable to deduct TCS. The seller app shall be responsible for TCS obligations.
Inventory model	<ul style="list-style-type: none"> The participant will be responsible to discharge GST at an applicable rate on supply. TCS should be deducted on net value of taxable supplies by the buyer app, where consideration is collected by the app. In case consideration is collected by the seller app/seller directly, TCS obligation does not arise.





Key considerations - technology readiness

To align with stakeholders' aspirations and embrace growth and transformation, organisations would have typically invested in an ecosystem that includes various platforms and technologies. As businesses consider adopting ONDC for its growth potential, capitalising on the existing ecosystem becomes essential. This entails analysing how investments made in the ecosystem can be scaled to accommodate new business processes and enable the integration of emerging processes associated with the launch of ONDC. Organisations will need to do the below:

1. ONDC readiness assessment – Assess existing platforms and applications for integration with other participants on ONDC and also to support change in business operations. Organisations should also explore solutions from technology service providers to complement and supplement potential gaps in their existing IT platforms and solutions.
2. Managing large amount of data – Data will be generated and exchanged with multiple participants. Over time, a substantial amount of data will accumulate. However, without adequate management and governance, it becomes impractical to use. To address this, establishing a scalable data architecture and platform that harnesses big data solutions, will be crucial.

Security and compliance – Before embarking on the ONDC journey, organisations must assess the risks associated with the new IT solution focusing on potential vulnerabilities.

Implementing robust security measures becomes imperative to safeguard sensitive data and ensure the integrity of transactions within the ONDC ecosystem.

¹The seller may obtain a lower deduction certificate under section 197 of the act for availing rate lower than 1 percent. Higher rate of 5 percent may apply for non-furnishing of PAN/non-filing of return of income by deductee/collectee within due date for the previous year.



Trust in ONDC

For the success of unbundled commerce via an open network, trust in the network, in the form of data protection and privacy, will be important for adoption. Top three concerns that need to be addressed to ensure trust in the network are mentioned below:

- Is the seller selling genuine products and service?
- Will order-related issues be satisfactorily resolved within time?
- Will payments be settled on time?
- Will consumers of products and services can get refund or cancel the service?

Some measures that are being put in place by ONDC to bolster trust and transparency in the network are mentioned below:

- Scoring and badging will allow users to rate the service and products, and each participant's performance. This will inform participants about the quality of service and performance provided by other participants. Participants will share the rating with an independent agency that will compute the score and ensure transparency and a level playing field. Scoring/badging will be portable and available across the network. These will

also incentivise participants to improve their products and services.

- Issues and Grievances Management (IGM) is being put in place to encourage participants to take more accountability and responsibility in services and products they provide. Unlike a centralised management, in ONDC, each participant will own the process and will work with end consumers to resolve the issue, grievance, and disputes. There will be the following three levels of IGM:
 - Network participants' internal issue resolution
 - Issue resolution amongst Grievance Redressal Officers (GRO)
 - Issue resolution through Online Dispute Resolution (ODR) service providers
- Payments and settlements will be important to build trust as it is at the core of monetary management. The system will put in place a mechanism (a trigger) that will allow funds collected to be paid or used only for the purpose it has been collected for. It will not allow any misuse of funds collected. ONDC's payment and settlement protocol will require

settlements, once triggered, to be executed within 24 hours. Considering the payment and settlement terms will be private contracts, the system will allow flexibility in setting the terms but the contracts once in place will be legally binding.

- Return, refunds, and cancellations will be governed by terms and conditions declared by participants. This information will allow consumers and participants to make an informed decision. The agreed terms will result in a contract that will be binding. Flexibility in choosing the participant with the most acceptable terms over a centralised terms and conditions will also allow for service differentiation.

Addressing challenges of participating organisations To overcome some of these challenges and meet customer requirements, organisations can seek a unified solution that cater to their needs in one central location. This solution would encompass a combination of various enabling services required for organisations to establish themselves on ONDC, enabling efficient business operations and streamlined processes.

Conclusion

Similar to the internet, the digital commerce revolution led by ONDC knows no bounds. As a digital public good, ONDC's reach and application are not just limited to India as a geography and a nation, but extends to digital commerce across the world.

ONDC sees commerce as a simple act of buying and selling goods and services. In just under two years of its existence, it has become evident that the network has a role to play wherever and whenever there's commerce — albeit to what extent, only time will tell. However, it is not hard to fathom that in the future, ONDC shall look to enable digital commerce around everything Indian — making indigenous products and services discoverable for the world to buy. Similar to the internet enabled www (world wide web), ONDC could be the gateway for the world to conduct commerce digitally.

By unbundling the buy side from the sell side of commerce, ONDC makes the decision of foraying into digital commerce, particularly for those considering it for the first time. By plugging into ONDC, buyer-facing entities can activate the sell-side universe of commerce for their buyers and seller-facing entities can unlock the buy-side universe of commerce for their sellers. For example, a US bank, without building a sell-side ecosystem of commerce for its buyer-facing digital application, can activate cross-border digital commerce with an Indian seller for its native buyers. An Indian seller, without its seller facing digital application, building a buy-side ecosystem of commerce, can discover international buyers.

As ONDC's scope is at a population scale, it is anyone's and everyone's play. As a result, businesses, small and large alike, should understand the quantum and velocity of the impact ONDC can have on their industries. Just staying apprised of direct competition's approach and actions alone wouldn't suffice. In addition, the consideration set of indirect competition shall need to be broadened as umpteen incumbents, however small, emerge on ONDC and become significant.

With regards to ONDC, businesses should stay abreast of the following:

- a) Any new category or domain going live on ONDC; for example, a category could be "electronics" going live under "retail" as a domain; and a new domain going live could be "agriculture or financial services" (new category introduction on Github)²
- b) Any new buyer or seller (including logistics sellers) network participant going live on ONDC³
- c) Any noteworthy brand or seller going live on ONDC (the network's social media handles— LinkedIn⁴ and Twitter⁵ in particular)
- d) Any new business use case going live on ONDC; for example, B2B, export, or other cross-border opportunities
- e) Open data that ONDC shall publish around adoption of the network and activity on it

² <https://github.com/ONDC-Official>

³ <https://ondc.org/network-participants/>

⁴ <https://www.linkedin.com/company/open-network-for-digital-commerce/>

⁵ https://twitter.com/ONDC_Official

Organisations should address the following **three questions** to determine how they can proceed in their **ONDC journey**:

1. Which role is the best fit for them to be on ONDC
 - Each business needs to determine what role they want to play on the network based on their business model.
2. When is the right time for them to be on ONDC
 - Based on their business strategy and readiness, determine when they should get onboarded on ONDC.
3. What would they need to do
 - Supported by guides such as role selector, handbook, guides on Git Hubs, and professional advisory service providers. Businesses can start their journey and understand what impact it will have on their business model and operating model, and define a roadmap.

Steps to start the ONDC journey (please refer “How to Join” on the [ONDC Website](#))

1. Understand ONDC and how it aligns to business strategy.
2. Select the role (sell on ONDC; create buyer experience; provide software as a service; and provide other services).
3. Complete the participant form.
4. Plan for integration with ONDC (implementation planning).
5. Implement the identified requirements to be part of ONDC.
6. Test using the ONDC staging environment.
7. Get the solution verified and certified by ONDC.
8. Use pre-production environment to complete the final verification from ONDC.
9. Conduct final verification of operational, technological, and regulatory compliance to go live.
10. Go live on ONDC.

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Abbreviations

CAGR – Compound Annual Growth Rate

SMEs – Small and Medium-Sized Enterprises

API – Application Programming Interface

NDHM – National Digital Health Mission

ONDC – Open Network for Digital Commerce

WTP – Willingness to Pay

UPI – Unified Payments Interface

IAMAI – Internet and Mobile Association of India

BBPS – Bharat Bill Payment System

JAM – Jan Dhan Yojna + Aadhaar + Mobile

DPI – Digital Public Infrastructure

GST – Goods and Services Tax

GeM – Government e-Marketplace

eNAM – e-National Agriculture Market

B2B – Business-to-Business

B2C – Business-to-Consumer

Gol – Government of India

MMA – Mobile Marketing Association

D2C – Direct-to-Consumer

NBFC – Non-Banking Financial Company

RBI – Reserve Bank of India

SCF – Supply Chain Financing

KYC – Know Your Customer

CKYC – Central Know Your Customer

AUM – Asset Under Management

TReDS – Trade Receivables electronic Discounting System

SIP – Systematic Investment Plan

AMFI – Association of Mutual Funds in India

PLI – Production Linked Incentive

OEM – Original Equipment Manufacturer

LSP – Logistic Service Provider

FPO – Farmers Producer Organisation



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